

CP-89-0581/2

OPA ENF

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JUN 1 1989

Rep Stokes

MEMORANDUM FOR: Executive Director

VIA: Deputy Director for Administration

FROM: George W. Owens  
Director of Personnel

SUBJECT: Fiscal Changes to the Undergraduate  
Scholar Program (STOKES)

1. Action Requested: That you approve the recommendation contained in paragraph three to modify the pay structure for the Agency's Undergraduate Scholar Program (STOKES). The Director of the National Security Agency is considering this same change.

2. Background: The CIA's Undergraduate Scholar Program was established pursuant to Section 506 of the Intelligence Authorization Act for Fiscal Year 1987.

a. Recent tax code changes affecting employer-provided tuition assistance programs affect the Agency's Undergraduate Scholar Program as well. For some, the tax impact is small; but for our Undergraduate Scholars the impact can be significant. We are concerned that a reduction in the monetary value of our scholarships may decrease the Agency's effectiveness to compete with private industry for student interns and to recruit disadvantaged minorities. In addition, students currently in the program are facing this reduction in their scholarships without recourse.

b. To maintain the full amount of our scholarships, we propose that the pay structure of the Undergraduate Scholar Program be changed. Currently, both CIA and NSA compensate their Scholars at the GS-2 level with subsequent step increases after successful completion of their freshman, sophomore, and junior years. By restructuring the pay schedule to include yearly grade increases from GS-2 through GS-5, we could eliminate the added tax burden on students and maintain the full amount of our scholarships. The additional cost to the Agency will be [ ] for the remaining fiscal year and increase to [ ] once the program reaches full strength in FY92 or FY93. The additional cost will be absorbed by each directorate.

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c. Although the House Permanent Select Committee on Intelligence (HPSCI) has not approved this specific change, Calvin Humphrey, HPSCI Staff member, has indicated the Committee could support this approach to maintaining the monetary level of these student scholarships. Once you have approved this program change, Office of Congressional Affairs will notify HPSCI.

3. Recommendation: The Agency modify the pay structure of its Undergraduate Scholar Program as follows:

Upon successful completion of each academic school year, Scholars will receive yearly grade promotions from GS-2 up through GS-5 vice step increases within the GS-2 level.

[Signature Box]

George W. Owens

cc: Office of Congressional Affairs  
Comptroller

CONCUR:

[Signature Box]

*fn* Deputy Director for Administration

6-1-89  
Date

APPROVED:

[Signature Box]

*[Signature]*  
Executive Director

2 June  
Date

*provided we are in lock step with NSA.*

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C/STP/E/ [ ] (9 May 89)

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